

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lower Mississippi Port-Wide Strategic Security Council
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the Lower Mississippi Port-Wide Strategic Security Council, (a nonprofit organization), as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Lower Mississippi Port-Wide Strategic Security Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lower Mississippi Port-Wide Strategic Security Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lower Mississippi Port-Wide Strategic Security Council as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of The Lower Mississippi Port-Wide Strategic Security Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Lower Mississippi Port-Wide Strategic Security Council taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Gonzales, Louisiana
June 25, 2013

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
(A NOT FOR PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Due from related party	\$ 3,457,359
Total current assets	<u>\$ 3,457,359</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Deferred Revenue	\$ 3,457,359
Total current liabilities	3,457,359

NET ASSETS

Total liabilities and net assets	<u><u>\$ 3,457,359</u></u>
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The accompanying notes are an integral part of this statement.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
(A NOT FOR PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

SUPPORT

Grants - projects	\$ 1,643,469
Total support	<u>1,643,469</u>

EXPENSES

Project Costs:	
Round 2006	57,047
Round 2007 - Supplement	<u>1,369,000</u>
Total Project Costs	<u>1,426,047</u>

Management and administrative:	
Round 6	52,850
Consultants	<u>164,572</u>
Total Management and administrative	<u>217,422</u>

Total expenses	<u>1,643,469</u>
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Change in net assets	-
Net assets at beginning of year	-
Contributions	<u>-</u>
Net assets at end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
(A NOT FOR PROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ -
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in due from related parties	228,469
Increase in accounts receivable	-
Increase in deferred revenue	(228,469)
Increase in due to related party	-
Net cash provided by operating activities	<u>-</u>
 Net increase in cash and cash equivalents	 -
 Cash and cash equivalents at beginning of year	 <u>-</u>
 Cash and cash equivalents at end of year	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Lower Mississippi River Port-Wide Strategic Security Council (the Council), is a consortium of the five contiguous deep water ports located on the Lower Mississippi River. The Council includes the Port of Greater Baton Rouge, Port of South Louisiana, Port of New Orleans, St. Bernard Port, Harbor and Terminal District, and Plaquemine Port, Harbor and Terminal District.

The Council was formed in 2007 to compete for grant funding as a region from the Department of Homeland Security for security enhancements at the individual ports through the Port Security Grant Program. The Council's role is to provide regional coordination to attract and administer grant funding for the benefit of the consortium. In general, to qualify for the Federal grants, a match of 25% of the grant amount is required; the Council has sought State funds for the match requirement, if applicable.

Basis of Accounting

The Council prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statements presentation follows the guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under ASC, non-profit organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

1. ***Unrestricted Net Assets*** are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
2. ***Temporarily Restricted Net Assets*** are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
3. ***Permanently Restricted Net Assets*** are net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. Generally, the donors of these assets permit the Council to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted assets recorded in these financial statements.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Activity related to Federal funds are received on a "flow through" basis meaning that essentially all expenses are reimbursed by grant funds received. Certain expenses are not allowable under the terms of the grant; the members have made contributions to fund such expenses.

The Council receives grants that are restricted for specific purposes by the grantors. Grant funds that are restricted by the grantor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All of the Council's grant revenues are received as reimbursements after the funds have been expended. As a result, all restrictions expire in the fiscal year in which the contributions are recognized and the Council maintains a zero balance in temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Council considers all cash and highly liquid short-term investments with an original maturity of three months or less as cash and cash equivalents.

Accounts Receivable

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. The Council's receivables consist solely of grants receivable. As a result, management believes that all receivables are collectible as of year-end; therefore no allowance for doubtful accounts was recorded.

Grant revenue recognition and deferred revenue

Grants that represent exchange transactions are recorded as revenue when expenses are incurred since such arrangements are on a cost-reimbursement basis.

The Council has grant agreements that apply to programs whose duration extends over several years. Revenue is recognized on these contracts as expenses are incurred, and in accordance with the terms of the agreement. These agreements are considered exchange transactions for accounting purposes.

Deferred revenue is related to funding received during the year for expenses that have not be incurred.

Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the maximum insured amount allowed by the Federal Deposit Insurance Corporation. Management believes the risk is limited.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Council accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Council is organized as a non-profit organization. The Council is exempt from income taxes under Internal Revenue Code Section 501(c) (4).

The Council follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax benefits. The Council's open audit periods are 2007-2009.

Functional Allocation of Expenses

The costs of projects and management and administration activities have been summarized on a functional basis in the Statement of Activities. Management and administration expenses include those expenses that are not directly identifiable with any other specific project but provide for the overall support of each grant. Management and administration expenses consist primarily of administrative personnel and consultant/contractor expenses. Project costs are those incurred by subgrantees to strengthen port security.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RELATED PARTY TRANSACTIONS

The Port of South Louisiana acted as the operating manager during the initial operations of the Council. During this time, funds were received and disbursed from a bank account maintained by the Port of South Louisiana. At June 30, 2009, \$3,457,359 was held by the Port of South Louisiana and is included in these financial statements as a due from related party.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

3. ECONOMIC DEPENDENCY

The Council derives its revenues from governmental sources as grants, the loss of which would have a material adverse effect on the Council. For 2009, revenue derived from governmental sources accounted for all support received by the Council.

4. COMMITMENTS AND CONTINGENCIES

The Council receives federal and state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 25, 2013, and has determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Lower Mississippi River Port-Wide Strategic Security Council
Baton Rouge, LA

We have audited the financial statements of The Lower Mississippi Port-Wide Strategic Security Council (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated June 25, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lower Mississippi Port-Wide Strategic Security Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Mississippi Port-Wide Strategic Security Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lower Mississippi Port-Wide Strategic Security Council's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2009-1].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lower Mississippi Port-Wide Strategic Security Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items [2009-2].

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwait & Netterville

Gonzales, Louisiana

June 25, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Lower Mississippi River Port-Wide Strategic Security Council
Baton Rouge, Louisiana

Compliance

We have audited the compliance of the Lower Mississippi River Port-Wide Strategic Security Council's (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended June 30, 2009. The Lower Mississippi River Port-Wide Strategic Security Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Lower Mississippi Port-Wide Strategic Security Council's management. Our responsibility is to express an opinion on the Lower Mississippi Port-Wide Strategic Security Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lower Mississippi River Port-Wide Strategic Security Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Lower Mississippi River Port-Wide Strategic Security Council's compliance with those requirements.

In our opinion, the Lower Mississippi River Port-Wide Strategic Security Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item [2009-3].

Internal Control Over Compliance

Management of the Lower Mississippi River Port-Wide Strategic Security Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Lower Mississippi River Port-Wide Strategic Security Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an

opinion on the effectiveness of Lower Mississippi River Port-Wide Strategic Security Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items [2009-4, 2009-5].

This report is intended solely for the information and use of the Board of Directors, management, the State of Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document

Postthurnich & Metternich

Gonzales, Louisiana
June 25, 2013

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenses 2009
<u>U.S. Department of Homeland Security</u>			
Port Security Grant	97.067	2006-GB-T6-0004	1,643,469
Total U.S. Department of Homeland Security			1,643,469
Total Federal Assistance Expended			\$ 1,643,469

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Lower Mississippi River Port-Wide Strategic Security Council is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SUB-RECIPIENTS

All federal awards were expended to the following sub-recipients: Port of New Orleans, Port of South Louisiana, Port of Greater Baton Rouge, St. Bernard Port, Harbor and Terminal District, and Plaquemine Port, Harbor and Terminal District.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

- Material weakness(es) identified? X yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.056	Port Security Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2009-1 Internal Control over General Ledger Reconciling and Reviewing, and Preparing Financial Statements

Criteria: Controls should exist over reconciling and reviewing general ledger accounts to supporting schedules and/or sub ledgers on a timely basis as well as over the preparation of financial statements.

Condition: General ledger accounts were not reconciled or reviewed on a timely basis and financial statements were not prepared.

Cause: The Council did not develop reconciling or review procedures each month to determine whether the general ledger reflected accurate account balances. Procedures did not exist to ensure accurate financial statements were prepared.

Effect: Because significant emphasis was not place on ensuring accounting records were reconciled and reviewed timely, account balances were not accurate and financial statements were not accurate or prepared on a timely basis.

Recommendation: The Council should establish procedures to assign an independent individual to review and monitor all reconciliations of the general ledger to ensure they are complete, accurate, and prepared on a timely basis.

Views of responsible official and planned corrective actions: The Council contracted with a CPA firm to prepare reconciliations and review of general ledger accounts. The CPA firm has provided the Board with monthly financial statements in a timely manner subsequent to June 30, 2012.

SECTION III – NONCOMPLIANCE FINDINGS

2009-2 Financial Statements

Criteria: LSA: RS24:513A(5)(a)(l) states that financial statements shall be completed within six months of the close of the entity's fiscal year.

Condition: The Council did not submit financial statements within six months of the close of the entity's fiscal year.

Cause: The Council did not designate a responsible person to perform monthly reconciliations and general ledger recording to ensure that the accounting functions were being performed on a timely basis.

Effect: The Council is in violation of Louisiana Revised Statue 24:513.

Recommendation: The Council should prepare records in a timely manner to ensure financial statements are completed six months of the close of the fiscal year end.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SECTION III – NONCOMPLIANCE FINDINGS (continued)

Views of responsible officials and planned corrective actions: The CPA firm that was hired subsequent to June 30, 2012, will ensure that the financial statements are prepared within six months subsequent to year end.

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2009-3 Report Submission

Criteria: Sec. 320 (a) of the OMB Circular A-133 requires that the prior two years audit reports be submitted to the Federal Audit Clearinghouse (FAC) 30 days after the reports are received from the auditor or nine months after year end in order for an entity to be considered a low-risk auditee for the current year.

Condition: The Council did not submit the required OMB Circular A-133 audit reporting package and data collection form to the FAC for the prior audit periods within nine months after year end.

Cause: The Council did not have any individual responsible for monitoring whether the submission of the required OMB Circular A-133 audit reporting package and data collection form was completed and received by the FAC nine months after the end of the audit period.

Effect: The Council is not considered a low-risk auditee.

Recommendation: An individual should be designated to ensure that reporting packages and data collection forms are submitted to the FAC the earlier of 30 days after the reports are received from the auditor or nine months after year end.

Views of responsible officials and planned corrective action: The maintenance of auditable financial records in a timely manner has resolved this finding. Accrual basis financial statements are being prepared periodically and timely for review by the Council and the appropriate materials will be available for a timely audit of the Council's financial records in future years.

2009-4 Reporting

DEPARTMENT OF HOMELAND SECURITY: CFDA 97.056 – PORT SECURITY GRANT

Criteria: Federal financial reports (SF-425) are required to be submitted on a quarterly basis. The reports are to be submitted no later than 30 days after the end of each reporting period.

Condition: The Federal financial reports were not prepared timely or accurately.

Cause: The Council did not have procedures in place for timely reconciliation or reviewing of general ledger accounts. The Council also did not have procedures in place to properly review the reports prior to submission and ensure timely submission.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (continued)

Effect: The required quarterly reports did not contain accurate information and the Council is in violation of the requirement due to reports not being submitted timely.

Recommendation: All require reports should be agreed to the accounting records and should be reviewed by someone other than the preparer prior to submission. Also, the reports should be submitted within 30 days after the end of each reporting period.

Views of responsible officials and planned corrective action: The Council contracted with a CPA firm subsequent to June 30, 2012 and the firm has recorded on their calendar's quarterly reminders concerning the filing of quarterly reports for each grant being administered by the Council. The outside CPA also amended all Federal financial reports.

2009-5 Subrecipient Monitoring

DEPARTMENT OF HOMELAND SECURITY: CFDA 97.056 – PORT SECURITY GRANT

Criteria: OMB Circular A-133 states that any recipient of Federal assistance which passes the assistance to another recipient is responsible to monitor the Federal assistance activities of the subrecipient, as well as assure that they are both complying with laws and regulations.

Condition: The Council did not ensure that subrecipients were complying with all grant laws and regulations.

Cause: The Council did not have procedures in place for monitoring subrecipient's compliance with grant laws and regulations.

Effect: The Council awarded Federal assistance to subrecipient's that did not comply with all grant laws and regulations.

Recommendation: The Council should implement procedures to ensure subrecipeint's of Federal assistance comply with all laws and regulations.

Views of responsible officials and planned corrective action: The Council has revised its procedures relative to monitoring sub-grantee's compliance with grant requirements, to include the following:

- a. Submission of audit identifying the federal funds. For prior periods, the Council will request and/or download the pertinent portion of the sub-grantee's audit reports from the Legislative Auditors website.
- b. Submission of documentation by the sub-grantee of their search of the disbarred firms, which is being duplicated by the Council on the reimbursement requests.
- c. The Council receives copies of the applicable supporting documentation on expenditures from sub-grantees prior to making reimbursement on the approved project.

LOWER MISSISSIPPI RIVER PORT-WIDE STRATEGIC SECURITY COUNCIL
BATON ROUGE, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2008-1 Internal Control over General Ledger Reconciling and Reviewing, and Preparing Financial Statements

Finding: General ledger accounts were not reconciled or reviewed on a timely basis and financial statements were not prepared.

Action Taken: The Council contracted with a CPA firm to prepare reconciliations and review general ledger accounts. The CPA firm has provided the Board with monthly financial statements in a timely manner. However, this action was not put in place until after June 30, 2012.

Status: A similar finding noted in the current year.

SECTION III – NONCOMPLIANCE FINDINGS

2008-2 Financial Statements

Finding: The Council did not submit financial statements within six months of the close of the entity's fiscal year.

Action taken: See action taken discussed in finding 2008-1.

Status: A similar finding noted in the current year.